



STATE OF IOWA

CHESTER J. CULVER, GOVERNOR
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
KEVIN W. CONCANNON, DIRECTOR

August 8, 2008

GENERAL LETTER NO. 13-G-29

ISSUED BY: Bureau of Financial and Work Supports,
Division of Financial, Health and Work Supports

SUBJECT: Employees' Manual, Title 13, Chapter G, **CHILD CARE ASSISTANCE**,
Contents (pages 2, 3, and 4), revised; pages 13 through 16, 29 through
34, 36 through 42, 55 through 58, 59 through 64, 102a, 102b, 103
through 106, and 111 through 114, revised; and pages 58a, 102c, and
102d, new.

Summary

This chapter is revised to:

- ◆ Add daytime sleep hours to the need for service for employment when a parent works at least six hours between the hours of 8:00 p.m. and 6:00 a.m. and:
 - There is not another parent in the home; or
 - The other parent in the home is unable to care for the child during the daytime hours because the other parent meets a need for service during those hours.
- ◆ Change the name and clarify the definition of "Volunteer service organizations" under the section "Countable Income," to "AmeriCorps."
- ◆ Add income exclusions for reimbursements from an employer for job related expenses, stipends from the Preparation for Adult Living (PAL) program, payments from the Subsidized Guardianship Waiver program, and the living allowance payments made to participants in the AmeriCorp*VISTA program.
- ◆ Add the requirement that applicants, participants, and providers must cooperate with investigations conducted by the Department of Investigations and Appeals.
- ◆ Add the requirement that overpayments caused by agency error are subject to recoupment.
- ◆ Add form 470-4530, *Notice of Child Care Assistance Overpayment*.

Effective Date

August 1, 2008

Material Superseded

Remove the following pages from Employees' Manual, Title 13, Chapter G, and destroy them:

<u>Page</u>	<u>Date</u>
Contents (pages 2, 3, 4)	September 28, 2007
13-15	July 6, 2007
16	September 28, 2007
29-34	May 23, 2008
36-42, 55, 56	July 6, 2007
57-62	May 23, 2008
63, 64	July 6, 2007
102a, 102b, 103	September 28, 2007
104-106, 111-114	July 6, 2007

Additional Information

Refer questions about this general letter to your social work administrator, income maintenance administrator, or Iowa Workforce Development coordinator.

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For this reason, be careful before denying CCA benefits to applicants who have exhausted their 24-month funding limit with PROMISE JOBS, because they may have CCA eligibility remaining.

Contact the PROMISE JOBS worker with questions about child care payments.

1. Mrs. C currently receives Child Care Assistance (CCA). She attends college full time and works part time. She has received six months of subsidized child care while in school.

Mrs. C loses her job, but continues to attend school. She becomes FIP-eligible on October 1, and begins receiving benefits. As part of her PROMISE JOBS activities, she continues to attend school full time and receives CCA.

Mrs. C's 24-month lifetime education limit for PROMISE JOBS begins on October 1. The six months that Mrs. C received CCA before she became a PROMISE JOBS participant do not count toward the 24-month limit on child care that a PROMISE JOBS worker can authorize.

If Mrs. C has a training plan approved by PROMISE JOBS and she remains eligible for FIP and PROMISE JOBS, she can receive a total of 30 months of CCA.

However, if Mrs. C loses PROMISE JOBS eligibility, then the six months of assistance she received before PROMISE JOBS and the number of months she received assistance authorized by PROMISE JOBS all count toward the 24-month limit for any further CCA that might be authorized for education.
2. Mr. M is currently a FIP recipient and receives Child Care Assistance while attending college as a PROMISE JOBS component. He has used ten months of his 24-month limit for education. Mr. M's FIP is canceled. He applies for CCA and is determined eligible. Mr. M has 14 months of CCA benefits remaining for education.
3. Ms. N has used up her 24-month supportive services funding limit at PROMISE JOBS. However, only 15 of the 24 months were used for child care. Therefore, Ms. N may apply for CCA and would have nine months of CCA child care remaining to use out of her 24-month lifetime education limit.

Any FIP recipient who is in academic or vocational training and on a PROMISE JOBS waiting list for expense allowances, including child care, is not eligible for subsidy for the hours in academic or vocational training under CCA.

FIP recipients who are on the PROMISE JOBS waiting list are provided with form 470-2925, *Notice of Waiting List Placement*, from PROMISE JOBS. Request this form from the PROMISE JOBS participant to verify placement on the waiting list. If the participant does not have a copy of the form, obtain this information using the process established by your local office for communicating with the local PROMISE JOBS office.

NOTE: When funds are determined unavailable for new applicants, some families must meet the specific requirements of the priority group from which applications are being taken to go on the waiting list. See [Priority for Service](#).

Nonapprovable Training

Legal reference: 441 IAC 170.2(2)"b"(1)

The fact that a person requests that Child Care Assistance (CCA) be paid while attending a specific training program does not mean that you must approve the training program.

Use form 470-3915 or 470-3915(S), *Notice of Decision: Child Care Assistance*, to inform the client that the request for CCA to be paid for training is denied if you are not approving the training program. Do not approve a training plan when:

- ◆ The client has previously completed that course of training.
- ◆ Completion of the training program results in a job paying less than minimum wage.
- ◆ The client was previously unable to maintain the cumulative grade point average required by the training facility in the same training for which application is now being made. NOTE: This policy does not apply to parents under age 18 who are completing high school.
- ◆ The training is in an occupational area where available labor market statistics indicate that prospects are low for job availability and employment paying enough to lead to self-sufficiency for the family.

When you deny CCA for this reason, document the source of your labor market statistics and the basis for your decision. Contact either your local PROMISE JOBS office or Iowa Workforce Development (IWD) office for current information on labor market statistics.

You may make exceptions when:

- The client has a job offer before entering the training, or
- The client is willing to relocate after training to an area where there is employment potential.

Clients willing to relocate must provide documentation from IWD, a private employment agency, or an employer that jobs in that occupation paying at least minimum wage are available in the locale specified by the client.

- ◆ A client who already possesses a baccalaureate degree or graduate degree wants additional college course work, unless the course work is to obtain a teaching certificate or to complete continuing education units and will not lead to a masters or other advanced degree.

Do not approve graduate-level course work taken during an undergraduate program in preparation for a graduate degree.

“College course work” is defined as courses that are academic in nature and generally are completed as part of a degree program.

Clients who possess such degrees may be approved for services to attend vocational training courses.

“Vocational training” is defined as a program of study generally offered at a community college or a similar training institution that prepares people to perform specific skills, such as auto repair or clerical skills.

Not all courses offered at a community college are considered vocational training. Most community colleges offer associate degree programs that prepare a person to transfer to a four-year institution for completion of a baccalaureate degree. Do not approve such programs for clients who already have a baccalaureate degree.

The location where training is offered (e.g., a community college or other institution) is not relevant to this determination. Eligibility is based on the nature of training, which must be vocational and not lead to a baccalaureate, postgraduate, or “academic” associate degree.

- ◆ The training is considered self-paced Internet training. You may approve Internet training when the client can provide documentation that there is a regularly scheduled on-line course and that the training is part of the client’s full-time coursework.

Do not include hours spent to study as part of the client's vocational or academic training time.

NOTE: If PROMISE JOBS has denied a classroom training plan for any of the reasons mentioned above, you do not need to make any further eligibility determination. CCA will not cover training that PROMISE JOBS has already determined to be nonapprovable for these reasons.

If PROMISE JOBS has denied a classroom training plan for reasons **not** mentioned above, (e.g., due to imposition of a limited benefit plan or because the family will leave FIP before completion of their training plan) then you will need to make an eligibility determination.

Employment

Legal reference: 441 IAC 170.2(2)"b"

Families are eligible for Child Care Assistance (CCA) when the parent or parents are employed 28 or more hours per week or an average of 28 or more hours per week during the month. Assistance may be provided for:

- ◆ The hours of employment of a single parent. Employment averaging 28 hours per week during the month meets the employment requirement.
- ◆ The hours when both parents in a two-parent home are working. In a two-parent household, **both** parents must fully meet the conditions of employment or participation in an educational program. See [Multiple Needs for Service](#) for examples.
- ◆ Sleep time during the daytime hours if the parent works at least six hours between 8:00 p.m. and 6:00 a.m. and:
 - There is not another parent in the home, or
 - The other parent in the home is unable to care for the child during the daytime hours because that parent meets a need for service during those hours.

When the parent or parents are employed 28 or more hours per week and they work from home, you must determine if the employer schedules the parent for set work hours. If the parent is scheduled for set work hours, the need for service is met. If the parent is not scheduled for set work hours, there is no need for service.

7. Mr. G has three children, so this is a household of four. He works 40 hours per week and earns \$800 bi-weekly. The family applies for CCA in June. Mr. G worked 40 hours of overtime in the month of May to cover for co-workers who were on vacation. The overtime will not continue. The last 30-days of income is not indicative of future income.

Calculate his gross monthly income prospectively as follows:

Earnings	\$	800.00
	x	<u>2</u>
		\$1,600.00

The overtime is not included in the income calculation because it is not indicative of future income. The household has a gross income of \$1,600 and a fee of \$0.00.

8. Same as Example 7, except that Mr. G worked 10 hours of overtime in the first week of June. The worker verifies that the overtime will not continue. The overtime is not included in the income calculation because it is not indicative of future income. The household has a gross income of \$1,600 and a fee of \$0.00.

Determine monthly gross income for a migrant seasonal farm worker by calculating the total amount of income earned in the 12-month period preceding the date of the application and dividing the total amount by 12. Apply this calculation when the applicant or participant:

- ◆ Performs seasonal agricultural work that requires travel so that the applicant or participant is unable to return to a permanent residence within the same day, and
- ◆ Derives most of the income from seasonal agricultural work performed during the months of July through October. "Most" means a simple majority of the income.

Countable Income

Legal reference: 441 IAC 170.2(1)

The "monthly gross income" is the monthly sum of income received by a person from the following sources that are identified by the U.S. Census Bureau in computing the median income:

- ◆ **Alimony:** Include all periodic payments family members receive from ex-spouses. Exclude one-time-only property settlements.

- ◆ **AmeriCorps:** Count payments made to participants in AmeriCorps*USA (for participants 17 years and older) and AmeriCorps*NCCC (for participants 16 to 24 years of age) programs as follows:
 - Treat the living allowance (stipend) as earned income.
 - Do not count the child care allowance as income.
 - Exempt the educational award as income.
 - Exempt the unearned in-kind benefits of health insurance, reasonable accommodations, supplies and services made available for AmeriCorps participants who have disabilities as income.

VISTA payments are unearned income, because participants are considered volunteers rather than employees. Title I VISTA volunteer payments are excluded as income as long as the director of ACTION determines that their total value is less than the federal or state minimum wage divided by the hours of service.

To date, the director of ACTION has determined no VISTA payment to equal or exceed the minimum wage. When VISTA payments exceed the minimum wage limit, count the entire amount.

- ◆ **Cash payments.**
- ◆ **Casino profits:** Include income paid to Indian tribe members from profits of a casino. Prorate the income over the number of months for which the income is received.
- ◆ **Child support:** Include the periodic payments from an absent parent for the support of children, even if these payments are made through a state or local government office.
- ◆ **Earnings, wages, or salary:** Include the total money earnings a family member received from work performed as an employee, including wages, salary, Armed Forces pay, commissions, tips, piece-rate payments, cash bonuses earned, and sheltered workshop earnings.

This is the amount before deductions are made for items such as taxes, bonds, pension, union dues, uniforms, and similar purposes. Include the total money earnings of a child who is over 14 years old.
- ◆ **Dividends, interest on savings or bonds, income from estates or trusts:** Include dividends from stock holdings or membership in associations, interest on savings or bonds, periodic receipts from estates or trust funds.

◆ **Net rental income or royalties:** Include receipts from boarders or lodgers and net royalties and net income from rental of a house, store, or other property to others. "Net rental income" is that income remaining after expenses such as taxes, interest, or borrowed principal to purchase property, insurance, and upkeep of the property.

◆ **Net income from farm self-employment:** Include gross receipts minus operating expenses from a person's operation of a farm as an owner, renter, or sharecropper. "Gross receipts" include:

- The value of all products sold.
- Payments from government loan programs.
- Money received from the rental of farm equipment to others.
- Incidental receipts from the sale of wood, sand, gravel, etc.
- Money received from farm property if payment is based on a percentage of crops produced

"Operating expenses" include costs of feed, fertilizer, seed and other farming supplies, cash wages paid to farmhands, cash rent, interest on farm mortgages, farm building repairs, and farm taxes (not state and federal personal income taxes). The value of fuel, food, or other farm products used for family living is not included as part of net income.

NOTE: Do not offset the loss from one self-employment enterprise against the profit of another self-employment enterprise or any other earned or unearned income the household has.

◆ **Net income from nonfarm self-employment:** Include gross receipts minus expenses from a family member's own business, professional enterprise, or partnership. "Gross receipts" include the value of all goods sold and services rendered.

"Expenses" include cost of goods purchased, rent, heat, lights, power, wages and salaries paid, business taxes (not personal income taxes), and similar costs. The value of saleable merchandise consumed by the proprietors of retail stores is not included as part of net income.

NOTE: Do not offset the loss from one self-employment enterprise against the profit of another self-employment enterprise or any other earned or unearned income the household has.

- ◆ **Pensions and annuities:** Include pensions or retirement benefits paid to a retired person or the person's survivors by a former employer or by a union, either directly or through an insurance company; periodic receipts from annuities or insurance.
- ◆ **Permanent disability insurance:** Include Social Security Disability Insurance (SSDI) payments made by the Social Security Administration, before deductions for medical insurance.
- ◆ **Public assistance or welfare payments:** Include public assistance payments, such as FIP, State Supplementary Assistance, general assistance, and cash payments received under the FIP Diversion program and the statewide Family Self-Sufficiency Grant program.
- ◆ **Railroad retirement insurance:** Include checks from the U.S. Government.
- ◆ **Social Security:** Include Social Security pensions and survivors benefits
- ◆ **Strike pay:** Include strike benefits received from union funds.
- ◆ **Supplemental Security Income:** Include federal, state, and local welfare agency payments to low-income people.
- ◆ **Unemployment compensation:** Include compensation received from government insurance agencies or private companies during periods of unemployment.
- ◆ **Veterans benefits:** Include all monies paid to or on behalf of a family member because of veteran status as income, regardless of the purpose of the payments. Include money paid periodically by Veterans Affairs to disabled members of the armed forces or to survivors of deceased veterans for education and on-the-job training, as well as so-called "refunds" paid to ex-service persons as GI insurance premiums.
- ◆ **Workers compensation:** Include compensation received periodically from private insurance companies for injuries incurred at work. The cost of this insurance must have been paid by the employer and not by the person.
- ◆ **Work study.**

Excluded Income

Legal reference: 441 IAC 170.2(1)

"Total gross income" equals the amount of countable income minus any excluded income. Use the total gross income amount to determine eligibility for Child Care Assistance (CCA) (see [Financial Eligibility](#)) and to determine whether the family will be responsible for paying a portion of the child care costs (see [Fee Schedule](#)).

Exclude the following types of income from the computation of monthly gross income:

- ◆ Earnings of a child 14 years of age or under.
- ◆ Payments or earnings received by any youth under the Workforce Investment Act (WIA).
- ◆ The first \$65 and 50% of the remainder of income earned at a sheltered workshop or work activity center.
- ◆ The income of the parents with whom a teen parent resides if the application is for the teen parent's child.
- ◆ The income spent on any regular, ongoing cost that is specific to a child's disability. Note: A family must be applying for CCA for the special needs child in order to exclude this income.
- ◆ Payment from the Iowa Individual Assistance Grant Program (IIAGP).
- ◆ Loans and grants, such as scholarships, or gifts that are:
 - Obtained and used under conditions that preclude their use for current living costs, or
 - Made or insured under the Higher Education Act to any undergraduate student for educational purposes.
- ◆ Capital gains and money received from sale of property, such as stocks, bonds, a house, or a car. (NOTE: If the person is engaged in the **business** of selling such property, the proceeds are counted as income from self-employment.)
- ◆ Lump-sum inheritances or insurance payments or settlements, such as (but not limited to):
 - Per capita payment to, or funds held in trust for, any person in satisfaction of a judgment of the Indian Claims Commission or the Court of Claims.

- Payments made pursuant to the Alaska Native Claims Settlement Act, to the extent such payments are exempt from taxation under Section 21(a) of the Act.
- Any payment received under the Uniform Relocation Assistance and Real Property Acquisition Policies of 1970.
- Agent Orange Settlement payments.
- ◆ Use of personal resources, such as:
 - Withdrawals of bank deposits.
 - Tax refunds.
 - Home produce used for household consumption.
- ◆ Payments from the Low-Income Home Energy Assistance Program.
- ◆ Certain public assistance income, including:
 - The value of the benefit allotment in the Food Assistance program.
 - The value of United States Department of Agriculture donated foods.
 - The value of supplemental food assistance under the Child Nutrition Act of 1966 and the special food program for children under the National School Lunch Act, as amended.
 - The value of payments to vendors or vouchers under the FIP Diversion program and the statewide Family Self-Sufficiency Grant program.
 - Adoption subsidy payment received from the Department.
- ◆ Stipends received by persons for participating in the Foster Grandparent program under Public Law 93-113, Section 418, Part B.
- ◆ Public housing subsidies.
- ◆ Monies received under the federal Social Security Persons Achieving Self-Sufficiency program or the Income-Related Work Expenses program.
- ◆ Monies from federal or state earned income tax credit, whether received with regular paychecks or as a lump sum included with the tax refund.
- ◆ Reimbursements from an employer for job-related expense.
- ◆ Stipends from the preparation for adult living (PAL) program.
- ◆ Payments from the subsidized guardianship waiver program.
- ◆ The living allowance payments made to participants in the AmeriCorps*VISTA program, as long as the director of ACTION determines the value of all such payments is less than minimum wage.

Acceptance or Denial of Application

Legal reference: 441 IAC 170.3(3), 170.5(237A), 170.6(237A)

Approve or deny the application for Child Care Assistance (CCA) within 30 days from the date the signed and dated application form is received in the Department's (DHS) local office. Deny services when:

- ◆ The family does not meet the eligibility requirements, including need for service, financial eligibility, or age of the child needing services; or
- ◆ The family fails or refuses to provide requested information needed to determine eligibility; or
- ◆ The funding is not available to provide the service. EXCEPTION: People participating in approved PROMISE JOBS activities and recipients of FIP, or those whose earned income was taken into account when determining the needs of a FIP recipient, are not subject to denial for lack of funding.

Use form 470-3915 or 470-3915(S), *Notice of Decision: Child Care Assistance*, to notify the applicant of approval or denial of services. NOTE: The court order and the case plan serve as the notice of approval for protective cases. Send form 470-3915 or 470-3915(S) to inform the parent and provider of what units of service are authorized for each child.

The written notice must be "adequate." This means that it must include:

- ◆ A statement of what action is being taken;
- ◆ The reason for the intended action;
- ◆ The manual chapter number and subheading supporting the action;
- ◆ An explanation of the applicant's right to appeal; and
- ◆ The circumstances under which the service is continued during an appeal.

Issue the notice of decision approving or denying services to the applicant and the child care provider (when care is already being provided) on the date the determination is made.

Identifying the Provider

In many situations, parents will have already selected the child care provider by the time they apply for child care services. If the parent needs assistance in choosing a provider, refer the parent to the Child Care Resource and Referral agency serving the county, or provide the parent with a list of providers that is found in each local office.

The policies and procedures for identifying eligible providers and the requirements that must be met by a provider are organized into the following sections:

- ◆ [Eligible providers](#)
- ◆ [Provider requirements](#)
- ◆ [Adding a provider to POS](#)
- ◆ [Removing a provider from POS](#)

Eligible Providers

Legal reference: 441 IAC 170.4(3)

A parent can choose care from:

- ◆ A licensed child care center.
- ◆ A registered child development home.
- ◆ A nonregistered child-care home.
- ◆ A provider who provides care in the child's own home.
- ◆ A child care program operated by or under contract to a public or nonpublic school accredited by the Department of Education (exempt from licensing requirements).

The parent indicates the choice of provider on form 470-3624 or 470-3624(S), *Child Care Assistance Application*, or 470-0462 or 470-0466 (Spanish), *Health and Financial Support Application*. There are limits to parental choice of provider:

- ◆ Children who are receiving **protective** child care services must be served in a licensed center or registered child development home, unless the service worker determines that a nonregistered provider is the most appropriate choice for the specific case. Consider the child's needs when child care is part of a protective services plan to prevent or alleviate child abuse or neglect.

The worker determines that a child is in need of social skills and language development and that the child would benefit more from placement in a child care center where the peer group experience is optimal. The parent chooses a registered child development home, where the child is the only child receiving care besides the provider's own child.

The child care arrangement chosen by the parent is not approved, because it is determined not to be in the best interest of the child.

- ◆ Approve **in-home** care only when the family has three or more children who require care. If the parent has chosen in-home care, but does not have at least three children requiring care, the parent must select another type of care.

EXCEPTION: If the provider lives in the same household as the children requiring care, treat the provider as either a registered child development home or a nonregistered home rather than as an in-home provider.

Ms. A and her two preschool children live with her mother, Ms. B. Ms. B agrees to provide child care for her two grandchildren while Ms. A works. Ms. B is treated like a nonregistered child care provider and will be paid the nonregistered home rate instead of the in-home rate.

All of the children in the family requiring child care must receive their care from the in-home provider. However, the children need not all receive the same number of units of service in a 24-hour period. For example, the care may include both before- and after-school care to the school-aged children in the family and full-day care to the preschool children in the family.

- ◆ Do not approve providers who live **outside Iowa**. If the client's circumstances indicate that an out-of-state provider is the only available child care provider, the client must request an exception to policy for the provider to become approved. See 1-B, [EXCEPTIONS TO POLICY](#).
- ◆ Do not approve providers who have been sanctioned by the CCA program. See [Overpayment Recovery: Sanctions for Provider Fraud](#) for more information.

Provider Requirements

Legal reference: 441 IAC 170.4(3)

Policy: Providers must meet specific requirements in order to be eligible for payment from the Child Care Assistance (CCA) program. The requirements vary according to the type of provider. Refer to the following sections:

- ◆ [Provider cooperation with investigations](#)
- ◆ [Required forms](#)
- ◆ [Licensed or registered providers](#)
- ◆ [Nonregistered providers](#)

Provider Cooperation with Investigations

Legal reference: 441 IAC 170.5(1)"c"

Policy: To be eligible for payment from CCA, all providers must cooperate with the Economic Fraud Control Unit of the Department of Inspections and Appeals (DIA) when the provider is referred for investigation.

DIA conducts front-end and fraud investigations of providers upon referral from DHS.

Procedure: When the Economic Fraud Control Unit notifies you that a provider has failed to cooperate in an investigation, deny or cancel the provider agreement. Issue a timely *Notice of Decision* to cancel the provider agreement.

Procedures for what to do when a provider reapplies after the provider agreement has been revoked for failure to cooperate are explained in the [Child Care Assistance Provider Agreement](#) section.

Required Forms

Legal reference: 441 IAC 170.4(3)

Policy: Child care providers must meet the requirements specified by the following documents, depending on the classification of the provider.

Procedure: Verify the status of the provider before you approve payment.

<u>Type of Provider</u>	<u>Requirements</u>
Child care center	<ul style="list-style-type: none">◆ <i>Certificate of License, 470-0618</i>◆ <i>Child Care Assistance Provider Agreement, 470-3871</i>
Registered child development home	<ul style="list-style-type: none">◆ <i>Certificate of Registration, 470-3498</i>◆ <i>Child Care Assistance Provider Agreement, 470-3871</i>
Nonregistered child care home	<ul style="list-style-type: none">◆ <i>Minimum Health and Safety Requirements for Nonregistered Child Care Home Providers, Comm. 95 or Comm. 95(S)</i>◆ <i>Payment Application for Nonregistered Providers, 470-2890 or 470-2890(S)</i>◆ <i>Non-Law Enforcement Record Check Request Form A, 595-1489 or 595-1489(S)</i>◆ <i>Request for Child Abuse Information, 470-0643</i>◆ <i>Child Care Assistance Provider Agreement, 470-3871</i>
Exempt program	<ul style="list-style-type: none">◆ <i>Child Care Assistance Provider Agreement, 470-3871</i>

<u>Type of Provider</u>	<u>Requirements</u>
In-home care	<ul style="list-style-type: none">♦ <i>Minimum Health and Safety Requirements for Nonregistered Child Care Home Providers</i>, Comm. 95 or Comm. 95(S)♦ <i>Payment Application for Nonregistered Providers</i>, 470-2890 or 470-2890(S)♦ <i>Non-Law Enforcement Record Check Request, Form A</i>, 595-1489 or 595-1489(S)♦ <i>Request for Child Abuse Information</i>, 470-0643♦ <i>Child Care Assistance Provider Agreement</i>, 470-3871

NOTE: A relative who is a registered provider must follow the requirements set forth for child development homes. A relative who is not registered must follow the requirements set forth for nonregistered child care providers.

Licensed or Registered Providers

The Department's (DHS) staff or PROMISE JOBS staff follow three steps to obtain approval to make payment to licensed or registered providers.

1. Check to see if the family's chosen provider is a registered or licensed child care provider by accessing the Child Care Provider Display (DCPD) screens. The DCPD screens provide information about what type of provider the family has chosen and whether the provider has signed a *Child Care Assistance Provider Agreement*. See 14-H, [CHILD CARE PROVIDER DISPLAY \(DCPD\) SYSTEM](#).
2. If the provider **is** registered or licensed, but has **not** signed a *Child Care Assistance Provider Agreement*, issue the following to the provider, with instructions to return the form to your office:
 - ♦ Form 470-3871, *Child Care Assistance Provider Agreement*.
 - ♦ A self-addressed-stamped-envelope.
3. Once this form is returned, forward the form to the DHS staff person responsible for completing *Child Care Assistance Provider Agreements* in your area. DHS staff finish the provider approval process by:
 - ♦ Approving or denying the *Child Care Assistance Provider Agreement*.
 - ♦ Providing PROMISE JOBS workers with information and a copy of the *Child Care Assistance Provider Agreement* form as necessary.

NOTE: If the DCPD system indicates that the provider already has a *Child Care Assistance Provider Agreement* on file with DHS, provide copies of the form to the requester as needed.

Nonregistered Providers

Legal reference: 441 IAC 170.4(3) "f" and "h"

People who have a founded child abuse record or criminal conviction cannot legally provide child care or get Child Care Assistance (CCA) payments, unless the Department finds through an evaluation of the records that the person is eligible to provide child care. This requirement also applies to people age 14 or over who live in the home of the provider or have access to a child when the child is alone.

The Department checks these records before licensing or certifying registration of a child care provider. However, providers who provide care for five children or less are not required to register with the state.

Any person who provides child care services to a CCA recipient, and anyone age 14 or over who lives in that home or has access to a child when the child is alone, must have successfully completed criminal, sex offender, and child abuse record checks.

DHS staff follow four steps to obtain approval to pay nonregistered providers. (PROMISE JOBS staff complete only steps one, two, and three.)

1. Check to see if the family's chosen provider is already an approved nonregistered provider by accessing Day Care Provider Display (DCPD) screens. See 14-H, [CHILD CARE PROVIDER DISPLAY \(DCPD\) SYSTEM](#).

The DCPD screens provide information about what type of provider the family has chosen, and whether the provider has signed a *Child Care Assistance Provider Agreement*.

2. If the provider has not yet been approved as a nonregistered provider for the CCA program, issue the following to the provider, with instructions to return the forms to your office:
 - ◆ Pamphlet Comm. 95 or Comm. 95(S), *Minimum Health and Safety Requirements for Nonregistered Child Care Home Providers*.
 - ◆ Form 470-2890, *Payment Application for Nonregistered Providers*.

- ◆ Form 595-1489 or 595-1489(S), *Non-Law Enforcement Record Check Request Form A* (one form for each person over age 13 who lives in the household or has access to the children in care).
 - ◆ Form 470-3871, *Child Care Assistance Provider Agreement*.
 - ◆ A self-addressed-stamped-envelope.
3. Once these forms are received, complete forms 470-0643, *Request for Child Abuse Information*, for the same people listed on form 595-1489 or 595-1489(S) and form 595-1494, *Non-Law Enforcement Record Check Billing Form*. See [Criminal and Child Abuse Record Checks](#) for procedures. See [6-Appendix](#) for instructions on these forms.
4. DHS staff finish the provider approval process by:
- ◆ Obtaining the results of the background, sex offender, and abuse checks,
 - ◆ Approving or denying the *Child Care Assistance Provider Agreement*, and
 - ◆ Providing PROMISE JOBS workers with information as necessary.

NOTE: If the DCPD system indicates that the provider already has a *Child Care Assistance Provider Agreement* on file, it is not necessary to fill out new forms or to complete new background and abuse checks. Send copies of the form to the requester as needed.

Nonregistered in-home care and child care home providers must sign and return forms 470-2890, 470-3871, and 595-1489 or 595-1489(S) to the local DHS office and pass the criminal, sex offender, and child abuse record checks before payment will be made.

Signature on form 470-2890, *Payment Application for Nonregistered Providers*, certifies the provider's understanding of and compliance with the conditions and requirements for nonregistered providers. These include:

- ◆ Minimum health and safety requirements.
- ◆ Limits on the number of children for whom care may be provided.
- ◆ Unlimited parental access to the child during hours when care is provided.
- ◆ Conditions that warrant nonpayment.
- ◆ Prohibitions on persons who have been convicted of a crime or have a founded and registered child abuse providing child care.

Multiple Children in a Family

Legal reference: 441 IAC 170.4(7)“c”

When a provider reduces the charges for the second or more children in a family with multiple children whose care is unsubsidized, reduce the rate of payment made by the Department similarly. See [Authorizing Services](#) for direction on completing the *Child Care Assistance Provider Agreement* when this happens.

Limits on Payment

Legal reference: 441 IAC 170.4(7)“e”

Do **not** approve payment for child care provided out of state. See [Eligible Providers](#).

Do **not** approve payment for nonregistered providers until the *Non-Law Enforcement Record Check Request*, 595-1489 or 595-1489(S), and the *Request for Child Abuse Information*, 470-0643, are returned as all clear, or until the evaluation is completed and gives permission for the person to provide child care.

Do **not** count the hours that a student spends studying when determining the units needed to attend school.

Do **not** approve a separate payment for transportation. Child Care Assistance (CCA) can be paid for travel time only between the child care provider's home and the parent's place of employment or school. There is no limit on travel time. Count the actual daily travel time of the parent. Accept the parent's statement unless there is reasonable doubt as to the validity of the travel time claimed.

Do **not** approve special needs payment for therapeutic services that are provided in the child care setting. These include (but are not limited to) services such as:

- ◆ Speech, hearing, physical, and other therapies.
- ◆ Individual or group counseling.
- ◆ Therapeutic recreation.
- ◆ Crisis intervention.

Do **not** approve payment to two providers for the same clock time **except** when the primary provider is closed for a holiday and charges private pay families for the day. In this situation, the primary provider can be paid for a day of absence and the backup provider can be paid for providing care.

Appeal of Rate Calculation

Legal reference: 441 IAC 170.4(7)“f”

A provider who is in disagreement with the calculation of the half-day unit rate may request a review. Instruct the provider to send a written request for review to the Department service area manager within 15 calendar days of notification of the rate. The request should identify the specific rate in question and the methodology used by the provider to calculate the rate.

The service area manager will provide a written response within 15 calendar days of receipt of the request. When dissatisfied with the response, the provider may request a review by the chief of the Bureau of Financial and Work Supports within 15 calendar days of the response.

Instruct the provider to submit the original request, the response received, and any additional information desired to the bureau chief. The bureau chief will render a decision in writing within 15 calendar days of receipt of the request.

The provider may appeal that decision to the director of the Department or the director's designee within 15 calendar days of the decision. The director or designee will issue the final Department decision within 15 calendar days of receipt of the request.

NOTE: Rate ceilings found in [Maximum Payment Rates](#) cannot be appealed.

Authorizing Services

The policies and procedures for authorizing Child Care Assistance (CCA) are organized into the following sections:

- ◆ [Unit of service](#)
- ◆ [Fee schedule](#)
- ◆ [Child Care Assistance Provider Agreement](#)
- ◆ [Notice of Decision: Child Care Assistance](#)
- ◆ [Case plan](#)
- ◆ [SRS entry](#)

Unit of Service

Legal reference: 441 IAC 170.1(237A), 170.4(2)

Policy: The unit of service is a half day, which is defined as up to five hours of service during a 24-hour period. The number of units of service approved each day is based on the hours the parent performs an activity that meets the definition of a need for service including travel time.

“Actual travel time” includes the time spent between the child care facility and the place of employment or training. For in-home care, actual travel time includes the time spent between home and the place of employment or training.

Procedure: Interview the parent by phone or face to face to determine the time needed for the parent to work, attend training, look for work, or for sleep time during daytime hours.

Use the training or employment schedule of the parent and the actual travel time to determine the number of half-day units needed per day.

When a parent meets more than one need for service, combine the daily school and work schedules of the parent and actual travel time to determine the number of half-day units needed. See [Multiple Needs for Service](#) for further information.

When determining total units needed for a parent who requests sleep time during daytime hours, consider if the parent is requesting child care be paid during the time the parent is working. If the parent is requesting units for both work time and sleep time, one unit of care may be approved for sleep time. If the parent is requesting units for sleep time only, two units of care may be approved.

Comment: You need this information to calculate the total daily and weekly units the parent needs in order to complete the *Notice of Decision: Child Care Assistance*. See [Notice of Decision: Child Care Assistance](#) for further information.

1. Ms. S is a full-time student with an 18-month-old daughter. She attends classes three days per week from 11:00 a.m. to 2:00 p.m. and two days per week from 9:00 a.m. to 11:00 a.m. Including actual travel time, she is approved for one half-day unit for each of the five workdays that she is in classes. Her estimated weekly usage is five half-day units.

2. Ms. T is a full-time student with a three-year-old daughter. She attends classes three days per week from 9:00 a.m. to 3:00 p.m. and two days per week from 9:00 a.m. to 4:00 p.m. Her class schedule looks like this:

M – W – F:	9 – 10 a.m.	T – Th:	9 – 11 a.m.
	10 – 11 a.m.		2 – 4 p.m.
	1 – 2 p.m.		
	2 – 3 p.m.		

Including actual travel time, Ms. T is approved for two half-day units for each day that she is in classes. Her estimated weekly usage is ten half-day units.

3. Ms. W is a full-time student with a two-year-old son. She attends classes three days per week from 9:00 a.m. to 11:00 a.m. and five days per week from 6:00 p.m. to 8:00 p.m. Her class schedule looks like this:

M – W – F:	9 – 10 a.m.	T – Th:	6 – 8 p.m.
	10 – 11 a.m.		
	6 – 8 p.m.		

Including actual travel time, Ms. W is approved for two half-day units on Monday, Wednesday, and Friday, and one half-day unit on Tuesday and Thursday. Her estimated weekly usage is 8 half-day units.

4. Mr. X is a full-time student with a four-year-old son. He attends classes five days per week from 9:00 a.m. to 10:00 a.m. and from 6:00 p.m. to 8:00 p.m. His class schedule looks like this:

M – W – F:	9 – 10 a.m.	T – Th:	9 – 10 a.m.
	6 – 8 p.m.		6 – 8 p.m.

Including actual travel time, Mr. X is approved for one half-day unit on each day he is in classes. His estimated weekly usage is five half-day units.

5. Ms. S, the full-time student in Example 1, has accepted a retail job where she is scheduled weekdays from 5:00 p.m. to 9:00 p.m. and Saturday from 8:00 a.m. to 4:00 p.m.

The hours of care needed on days when Ms. S attends classes from 11:00 a.m. to 2:00 p.m. and works from 5:00 p.m. to 9:00 p.m., including actual travel time, total nine. The hours of care needed for the two days she attends classes from 9:00 a.m. to 11:00 a.m. and works from 5:00 p.m. to 9:00 p.m., including actual travel time, total eight. The hours of care needed to work on Saturday total nine.

Ms. S is approved for two half-day units for each of the five weekdays that she is in class and works and two half-day units for Saturday. Her estimated weekly usage is 12 half-day units.

Procedure: When a change in schedule occurs that does not affect the number of half-day units already approved, it is not necessary to amend the *Notice of Decision: Child Care Assistance* to reflect the new work or school schedule.

Supervisory approval is required when more than two units are approved per 24-hour period, up to a maximum of four units. Document the explanation of the number of units needed for service in the case file.

1. Mr. J is employed full time and requires care for his two children, ages 4 years and 16 months. He works from 7:30 a.m. to 4:00 p.m. He has arranged for care for both children with a registered child development home provider. He also wants to enroll his 4-year-old in preschool three mornings a week from 9:00 a.m. until 11:30 a.m.

The worker uses Mr. J's work schedule plus actual travel time to determine the units of service and approves two half-day units per child per workday.

The worker is not able to approve a third half-day unit for the 4-year-old to attend preschool, because the third unit is not required for Mr. J to remain employed. Also, approving a third unit would mean payment would be made to two providers for the same period of time.

2. Ms. K is employed full time and works 11:00 p.m. to 7:00 a.m. Monday through Friday. She has 2 children, ages 2 years and 4 years. Ms. K requests child care to allow her to sleep during the daytime hours after returning home from work. Ms. K is not charged for child care during the time she is employed.

Ms. K is approved for two half-day units for each day after she works a night shift (Tuesday through Saturday) to allow her to sleep.

3. Mr. B is employed and works 11:00 p.m. to 7:00 a.m. Monday through Friday and Mrs. B is employed 8:00 a.m. to 4:30 p.m. Monday through Friday. They have one child, age 2. There is no need for child care while Mr. B works because Mrs. B is home with the child.

The family is approved for two half-day units Tuesday through Friday to allow Mr. B to sleep after he works a night shift and to allow Mrs. B to work. There is not a need for units on Saturday because Mrs. B is home with the child.

4. Mr. C is employed and works 11:00 p.m. to 7:00 a.m. Monday through Friday. Mr. C has three children, ages 1, 3, and 4. Mr. C needs child care for both work time and sleep time.

Mr. C is approved for two half-day units for the time he is employed and one half-day unit to allow him to sleep after returning home from work.

When before- and after-school care is required for a school-aged child, count the total number of hours needed in the 24-hour period and then convert the total hours to the number of half-day units needed.

Ms. M is a working single parent with a two-year-old who requires a full day of child care and two school-age children who require before- and after- school care. Her work hours are 8:00 a.m. to 4:30 p.m. She drops her children off at the provider's home on her way to work.

The school-age children are in care in the morning from 7:40 a.m. until almost 9:00 a.m., when the provider takes them to school. The two-year-old remains in the provider's care for the entire day. The provider picks the school-age children up after school and provides care from 3:15 p.m. until almost 5 p.m.

The M family is approved for the following half-day units:

- ◆ Two half-day units per workday for the two-year-old;
- ◆ One half-day unit per workday for each school-age child.

The M family is approved for a total of four half-day units per workday.

When a family is using multiple providers in the same day it may be appropriate to pay more units than approved on the *Notice of Decision: Child Care Assistance*.

Ms. B is a full time student with a 2-year-old daughter. She attends classes five days per week. Her class schedule looks like this:

M-W-F:	11-2 p.m.	T-Th	9-10 a.m.
			7:30-9:00 p.m.

Including actual travel time, she is approved for one half-day unit per day Monday through Friday.

Ms. B uses a child care center for care during the daytime class hours Monday through Friday and a nonregistered provider for the evening class hours on Tuesday and Thursday. She uses two providers on Tuesday and Thursday. Do not split a unit of care between providers. Each provider will be paid one unit for the child care services provided.

Fee Schedule

Legal reference: 441 IAC 170.4(2)

Assess a fee for each half-day unit of service. **EXCEPTION:** Do not assess a fee to:

- ◆ Families at or below 100% of the federal poverty guidelines (income level A in the fee schedule).
- ◆ Recipients of FIP and participants in approved PROMISE JOBS activities.
- ◆ Families where services are provided without regard to income due to protective needs.

When more than one child in a family is receiving services, base the fee on the child who receives the most units of service. Do not assess an additional fee for each child.

Assess the amount of the fee by determining the gross monthly income according to family size. Use the same dollar amount that was calculated when determining eligibility. Include documentation in the case file to support the fee.

To use the sliding fee schedule:

1. Move across the monthly income table to the column headed by the number of people in the family that was used in determining eligibility.
2. Move down that column for family size to the first row with an amount greater than the monthly family income. Use the row above that row to determine the fee amount.
3. Move across that row and choose the fee that corresponds to the number of children that need care.
4. When a family has more than ten members, find the income levels by multiplying the figures in the 4-member column by 0.03. Round the answers to the nearest dollar and multiply by the number in the family in excess of ten. Add the result to the amount in the 10-member column.

- | |
|---|
| <ol style="list-style-type: none">1. Family D has two members, monthly income of \$1,150, and one child in care. Family D's income is above the Level A amount but less than the Level B amount. Family D pays \$0.00 fee for each unit of child care. |
|---|

2. Family F has three members, monthly income of \$1,470, and **two** children in care. Family F's income is above the Level B amount but less than the Level C amount. Family F pays \$0.45 fee for each unit of child care that the child who receives the most units uses.
3. Family G has three members, monthly income of \$1,470, and **one** child in care. Family G's income is above the Level B amount but less than the Level C amount. Family G pays \$0.20 fee for each unit of child care.

Level	Monthly Income According to Family Size										Unit Fee Based on Number of Children in Care		
	1	2	3	4	5	6	7	8	9	10	1	2	3 or more
A	824	1109	1394	1679	1964	2249	2534	2819	3104	3389	\$0.00	\$0.00	\$0.00
B	867	1167	1467	1767	2067	2367	2667	2967	3267	3567	0.20	0.45	0.70
C	891	1200	1508	1816	2125	2433	2742	3050	3358	3667	0.45	0.70	0.95
D	916	1232	1549	1866	2183	2500	2816	3133	3450	3767	0.70	0.95	1.20
E	941	1267	1593	1918	2244	2570	2895	3221	3547	3872	0.95	1.20	1.45
F	967	1301	1636	1970	2305	2640	2974	3309	3643	3978	1.20	1.45	1.70
G	994	1338	1682	2026	2370	2713	3057	3401	3745	4089	1.45	1.70	1.95
H	1021	1374	1728	2081	2434	2787	3141	3494	3847	4200	1.70	1.95	2.20
I	1050	1413	1776	2139	2502	2865	3229	3592	3955	4318	1.95	2.20	2.45
J	1078	1451	1824	2197	2570	2943	3316	3690	4063	4436	2.20	2.45	2.70
K	1108	1492	1875	2259	2642	3026	3409	3793	4176	4560	2.45	2.70	2.95
L	1139	1532	1926	2320	2714	3108	3502	3896	4290	4684	2.70	2.95	3.20
M	1170	1575	1980	2385	2790	3195	3600	4005	4410	4815	2.95	3.20	3.45
N	1202	1618	2034	2450	2866	3282	3698	4114	4530	4946	3.20	3.45	3.70
O	1236	1664	2091	2519	2947	3374	3802	4230	4657	5085	3.45	3.70	3.95
P	1270	1709	2148	2588	3027	3466	3905	4345	4784	5223	3.70	3.95	4.20
Q	1305	1757	2208	2660	3112	3563	4015	4466	4918	5370	3.95	4.20	4.45
R	1341	1805	2269	2732	3196	3660	4124	4588	5052	5516	4.20	4.45	4.70
S	1378	1855	2332	2809	3286	3763	4240	4717	5193	5670	4.45	4.70	4.95
T	1416	1906	2396	2885	3375	3865	4355	4845	5335	5825	4.70	4.95	5.20
U	1455	1959	2463	2996	3470	3973	4477	4981	5484	5988	4.95	5.20	5.45
V	1495	2012	2530	3047	3564	4082	4599	5116	5634	6151	5.20	5.45	5.70
W	1537	2069	2601	3132	3664	4196	4728	5260	5791	6323	5.45	5.70	5.95
X	1579	2125	2671	3218	3764	4310	4857	5403	5949	6495	5.70	5.95	6.20
Y	1623	2185	2746	3308	3869	4431	4993	5554	6116	6677	5.95	6.20	6.45
Z	1667	2244	2821	3398	3975	4552	5128	5705	6282	6859	6.20	6.45	6.70
AA	1714	2307	2900	3493	4086	4679	5272	5865	6458	7051	6.45	6.70	6.95
BB	1761	2370	2979	3588	4197	4807	5416	6025	6634	7243	6.70	6.95	7.20

Nonpayment of Fees

Legal reference: 441 IAC 170.4(2), 170.5(3)

The provider is responsible for collecting fees and maintaining records of fees collected. Those records must be available for audit by the Department or its representative.

When a parent does not pay the fee, the provider must demonstrate that a reasonable effort has been made to collect the fee. Reasonable effort means an original billing and two follow-up notices of nonpayment.

Child Care Assistance (CCA) may be terminated when the Department determines that no payment or partial payment of fees has been received within 30 calendar days following the issuance of the last billing.

Terminate services unless the client establishes inability to pay. (See [Inability to Pay Fees](#).) Notify the client of any adverse action using form 470-3915, *Notice of Decision: Child Care Assistance*.

Inability to Pay Fees

Legal reference: 441 IAC 170.4(2)

When the family continues to need service but reports the inability to pay the fee, assess the family's situation and verify whether it is due to the existence of one or more of the following conditions:

- ◆ Extensive medical bills for which there is no payment through Medicaid, Medicare, or other insurance coverage.
- ◆ Shelter costs in excess of 30% of the household income.
- ◆ Utility costs, not including the cost of a telephone, in excess of 15% of the household income.
- ◆ Additional expenses for food resulting from diets prescribed by a physician.

If one or more of the above conditions exist, continue services without a fee until the condition no longer exists and the family is able to participate in the current cost of service. Document nonpayment and the inability to pay in the case record.

Assess each "inability to pay" case to determine whether the family can be charged a reduced fee. Charge the reduced fee until full participation in fees is possible.

Child Care Assistance Provider Agreement

Legal reference: 441 IAC 170.4(7)

The *Child Care Assistance Provider Agreement*, form 470-3871, is the agreement between the child care provider and the Department. The same agreement is used for all Child Care Assistance (CCA) authorized through the Department or through Iowa Workforce Development (IWD) for PROMISE JOBS.

If the chosen provider does not already have an agreement on file, issue form 470-3871 to the provider or parent to secure the provider's signature.

In the agreement, the provider agrees to accept payment through the Department's payment system and not to request additional payment from the parent, except for:

- ◆ The applicable co-payment fee found on the *Notice of Decision*.
- ◆ A late fee assessed when a child is not picked up timely.
- ◆ An "activity fee" to cover field trips, etc.
- ◆ Cost of care used beyond the units approved on the *Notice of Decision*.

The agreement provides that payment may be made to a provider for a child not in attendance for a maximum of four days per calendar month. Allow this payment when the child is **regularly** scheduled on those days and the provider also charges a private customer for days of absence.

The Department may refuse to enter into or may revoke a *Child Care Assistance Provider Agreement* if:

- ◆ The Department finds there to be a hazard to the safety and well-being of a child and the provider cannot or refuses to correct the hazard; or
- ◆ The provider has submitted claims for payment for which the provider is not entitled.
- ◆ The provider refuses or fails to cooperate with the Economic Fraud Control Unit of the Department of Investigations and Appeals (DIA).

Ten calendar days advance notice are required to terminate the *Child Care Assistance Provider Agreement*, so that if care must be terminated, parents have adequate time to secure other child care arrangements.

Send a *Notice of Decision: Child Care Assistance* to inform the provider that their *Child Care Assistance Provider Agreement* is being terminated. The provider has the right to appeal this decision and may continue to receive CCA payments while the decision is pending.

Any CCA payments received pending the appeal decision will be recouped from the provider if the Department's decision to terminate is upheld in the appeal.

When a *Child Care Assistance Provider Agreement* has been revoked for failing to cooperate with investigations conducted by DIA, the Department will not enter into another agreement with the provider until cooperation occurs.

When a provider requests that the Department enter into a new agreement with them after their agreement has been revoked for not cooperating with DIA if the provider has:

- ◆ Cooperated and all other requirements are met, complete the agreement and return a signed copy to the provider.
- ◆ Not cooperated with DIA, deny the agreement and issue an NOD to the provider informing them that the Department will not enter into an agreement with them until they cooperate with DIA.

Completing the Agreement

Prepare the *Child Care Assistance Provider Agreement*, form 470-3871:

- ◆ At least every 24 months, or
- ◆ When there is a change in circumstances that requires a change to the form.

The child care provider shall complete all information on page one as requested (except for the agreement number), sign the form on page four, and return the form to the Department's local office.

Send the original of the notice to the applicant, file a copy in the case record, and send a copy to the provider.

NOTE: Providers must be notified in writing that a client's eligibility has changed or ended. Send the provider a copy of the notice of decision that is sent to the client. Timely notification requirements **do not** apply, but the provider should be adequately notified of the change in service.

Appeals

Legal reference: 441 IAC 170.6(237A)

Notify the applicant of the right of appeal when you notify the applicant of any adverse action. The *Notice of Decision: Child Care Assistance*, form 470-3915 or 470-3915(S), contains the notice of appeal rights.

When an applicant wishes to appeal a decision, encourage the applicant to complete form 470-0487 or 470-0487(S), *Appeal and Request for Hearing*, but accept any written request.

Proceed according to 1-E, [RESPONSIBILITIES OF DEPARTMENT'S REPRESENTATIVE](#). Immediately submit the appeal form and the notice of adverse action to the Department's Appeals Section. Forward a summary of the basis for the action to the Appeals Section within ten days.

NOTE: Although providers cannot appeal a notice of decision that was sent to a parent, providers may appeal Department decisions that affect them at any time (such as amount of payment, denial of their provider agreement, or calculation of their half-day rate). When a provider wishes to appeal a Department decision, the procedure is the same as for a parent's appeal.

Cooperation With Investigations

Legal reference: 441 IAC 170.2(2)"e"

To be eligible for CCA, applicants and participants must cooperate with the Economic Fraud Control Unit of the Department of Inspections and Appeals (DIA) when the applicant's or participant's case is referred for investigation.

DIA conducts front-end investigations of applicant as well as participant cases. DIA also conducts fraud investigations. Cooperation is required with both types of investigations.

When the Economic Fraud Control Unit notifies you that a client has failed to cooperate in an investigation, deny or cancel CCA. EXCEPTION: Do not cancel or deny CCA if the investigation centers solely around a person whose income and need for service do not affect CCA eligibility.

Issue a timely *Notice of Decision* to cancel CCA.

Procedures for front-end investigation and what to do when a client reapplies after being canceled for failure to cooperate are explained in the following sections:

- ◆ [Front-end investigation procedures](#)
- ◆ [Application after failure to cooperate](#)

Front-End Investigation Procedures

Refer questionable cases, whether regarding the client and the provider, to the Economic Fraud Control Unit of the Department of Inspections and Appeals (DIA) for front-end investigation. Before making a referral, do the following:

- ◆ For a family eligibility or provider payment issue, take a “prudent person” approach to the information the client or provider gives you. Allow the client or provider the opportunity to explain the situation or resolve any questionable information.
- ◆ For a provider regulation issue, talk to the registration person about the situation.

Referring a Household to the Investigation Unit

Make referrals for investigation using form 470-2998, *Referral for Front-End Investigation*. One or more of the factors listed on the form must be present in order to make a referral. See [6-Appendix](#) for more information about filling out the form.

You do not need to complete another *Referral for Front-End Investigation* when a client has agreed to cooperate with the investigator within 30 days of a noncooperation. This 30-day period is from the date that the investigator has notified you that the client has not cooperated. Inform the investigator that the client has contacted you and agreed to cooperate, so that the investigator can schedule an appointment with the client.

If the client contacts the investigator, the investigator will schedule an appointment with the client and notify you.

If the household resolves the issue with you before the investigation is completed, document this in the case record and notify the investigator.

Investigation Process

Legal reference: 481 IAC 72.2(10A), 72.3(10A)

The purpose of a front-end investigation is to prevent households and providers from fraudulently receiving CCA. Front-end investigations are conducted to:

- ◆ Determine if information supplied by the client is correct.
- ◆ Determine if claim forms submitted by the provider are correct.
- ◆ Determine if payments issued to the provider were correct.
- ◆ Assist in reducing the program error rate.
- ◆ Identify overpayments for recovery.

If an interview is needed, the investigator sets up the interview. The interview request notifies the client that the case has been referred to the Economic Fraud Control Unit. Before the interview, the investigator informs the client or provider of:

- ◆ The purpose of the investigation.
- ◆ The type of information being reviewed.
- ◆ The client's responsibility to cooperate.
- ◆ The provider's responsibility to cooperate.
- ◆ The consequences of refusing to cooperate in an investigation

The investigator:

- ◆ Decides which eligibility items need further verification.
- ◆ May request and have access to the DHS client file if the investigator deems it is necessary;
- ◆ Must follow the terms of the contract between the Department and DIA with respect to confidentiality.
- ◆ Reports the results of the investigation to the client's IM worker.

Acting on Investigation Findings

Legal reference: 481 IAC 72.4(10A)

After an investigation has been completed, determine eligibility taking into consideration the findings of the investigator. Consider the evidence in the investigator's findings as verified information.

When the front-end investigation reveals a need for further investigation, no additional referral is required. If you so request, the investigator will attend appeal hearings and testify to the information gathered by the investigator.

Application After Failure to Cooperate

Legal reference: 441 IAC 170.2(2)"e"

When a household reapplies after being denied or canceled for failure to cooperate with a front-end investigation, decide whether the situation is resolved and document this decision in the case record.

- ◆ If the situation is resolved, notify DIA of this decision and approve the application if otherwise eligible.
- ◆ If the situation has not been resolved, the household must cooperate with front-end investigations before eligibility can be determined. Assistance cannot be reestablished until cooperation criteria have been met.

If a household that failed to cooperate later meets the front-end investigation requirements and is otherwise eligible, approve assistance effective the date the household applied. Do not process the approval until you are notified that cooperation has actually occurred.

If the household contacts you before the date of cancellation and expresses willingness to cooperate, tell them that they must cooperate with DIA before the effective date of cancellation or they will need to reapply for CCA.

When a household reapplies on or before the date of cancellation, the household is eligible for benefits on the effective date of cancellation. If the application is received after the date of cancellation, assistance is effective the date the Department receives the application.

Ms. A, a CCA participant, fails to cooperate with the front-end investigation. DIA informs the IM worker of the failure in early April. The IM worker issues a notice on April 5 to cancel assistance effective April 15.

On April 10, Ms. A contacts the IM worker and states her intent to cooperate with the front-end investigation. However, the IM worker must refer the case to DIA. The investigator is not able to meet with Ms. A until May 20. As a result, Ms. A cannot resolve the issue before the effective date of cancellation. The case is canceled April 15.

Because she cannot be reinstated, Ms. A must file an application. She files an application on April 16, cooperates with the investigation, and is otherwise eligible; the application is approved effective April 16.

Overpayment Recovery

Legal reference: 441 IAC 170.9(237A)

When a child care provider receives a duplicate payment or a payment greater than allowed, the amount of the overpayment must be recovered.

Recovery is made through the provider or the client, depending on the circumstances surrounding the overpayment. If a client's or provider's financial circumstances change, the Department and the Department of Inspections and Appeals (DIA) have the authority to revise the recoupment plan.

The following sections describe procedures for:

- ◆ [Overpayments subject to recovery](#)
- ◆ [How to determine when the overpayment occurred](#)
- ◆ [How to calculate overpayments](#)
- ◆ [Failure to cooperate](#)
- ◆ [Notifying DIA of the overpayment](#)
- ◆ [DIA overpayment recovery process](#)
- ◆ [Overpayment refunds and payments](#)
- ◆ [Sanctions for provider fraud](#)
- ◆ [Notifying DIA of changes](#)
- ◆ [Appeals process](#)

Overpayments Subject to Recovery

Legal reference: 441 IAC 170.9(237A)

Recover overpayments caused by:

- ◆ [Provider error](#)
- ◆ [Client error](#)
- ◆ [Agency error](#)
- ◆ [Assistance paid pending an appeal decision](#)

Establish the amount of the overpayment and initiate recovery no later than 90 days after the overpayment is discovered.

Do not make a referral to DIA if the provider has returned the state warrant for the overpayment in question, as long as the warrant covers the total amount of the overpayment and the period of overpayment is only one month. For recovery purposes, the person has not "received" the benefit if the warrant is not cashed, so no overpayment exists.

If a household files for bankruptcy, send the notice of bankruptcy to DIA immediately, so the state can file a claim in the United States Bankruptcy Court.

Provider Error

Legal reference: 441 IAC 170.1(237A)

Recover overpayments that result from the following child care provider errors:

- ◆ False or misleading statements on billing claim about the children receiving services.
- ◆ False or misleading documentation of hours when service was provided.
- ◆ Failure to report receiving duplicate warrants within ten days of receipt.
- ◆ Failure to report and refund payments received for more units than the amount authorized on the most recent form 470-3915, *Notice of Decision: Child Care Assistance*, within ten days of receiving the payment.

Client Error

Legal reference: 441 IAC 170.1(237A)

Recover overpayments that result from the following client errors:

- ◆ False or misleading oral or written statements about the client's income, household composition, school schedule, hours of employment, or any other circumstances affecting eligibility or benefits.
- ◆ Failure to report changes in income, household composition, school schedule, hours of employment, or any other circumstance affecting eligibility or benefits of the client, as outlined on the *Notice of Decision: Child Care Assistance*, within ten days of the change.

Agency Error

Legal reference: 441 IAC 170.1(237A)

Recover overpayments that result from agency error. This includes the following situations:

- ◆ The Department errs in determining eligibility or the appropriate number of units.
- ◆ The Department errs in timely making changes when the Department has the information.
- ◆ The Department incorrectly pays a child care provider due to errors in typing or copying, computer input errors, or mathematical errors.

Assistance Paid Pending an Appeal Decision

Legal reference: 441 IAC 170.9(2)

If a client or a child care provider loses an appeal, the client or provider is also responsible for repaying the excess amount received during the appeal process. Recovery will begin no later than one month after the month the final decision is issued (or the second month if required by timely notice standards).

How to Determine When an Overpayment Occurred

Legal reference: 441 IAC 170.9(2)

The ending date of the overpayment is the last day an overpayment occurred.
Determine the beginning date of an overpayment depending on whether it occurs:

- ◆ [During the application process](#), or
- ◆ [By a change in eligibility or need for service](#), or
- ◆ [By erroneous provider reporting](#).

Overpayment During the Application Process

Legal reference: 441 IAC 170.9(2)

Consider an overpayment that occurs during the application process to begin with the date of eligibility.

Ms. P applies for CCA on July 13. A notice of decision approving benefits is sent August 5, with an effective date for eligibility of July 13.

Later the worker discovers that Ms. P was receiving child support at the time of her application, but did not include this information. The calculation to determine the amount of overpayment to Ms. P starts at the beginning date of eligibility, July 13.

Overpayment Due to a Change in Eligibility or Need for Service

Legal reference: 441 IAC 170.9(2)

If there is a change in eligibility or need for service that was not reported within ten days of the date of change, determine when the change causing the overpayment began by determining the date of change, as if it would have been reported timely.

Mr. S applies for CCA on March 10 and is approved. On April 20, Mr. S begins working 20 hours per week. He does not report the change, and his CCA continues. Upon review on August 20, the worker finds that Mr. S was ineligible for CCA because he worked less than 28 hours per week.

The calculation to determine the amount of overpayment to Mr. S starts on the date the change would have taken effect if timely reported, April 30.

Make sure the case record contains a copy of all documents. See [6-Appendix](#) for instructions for completing forms 470-0464, *Overpayment Recovery Information Input*, including the applicable CCA codes, and 470-0465, *Overpayment Recovery Supplemental Information*.

NOTE: When a provider returns the original CCA warrant, you do not need to complete the *Overpayment Recovery Information Input* if the warrant covers the total amount of the overpayment and the period of overpayment is only one month. (This does not apply to refunds by money order, personal check, or cash.)

Who Is Responsible for Client Error Repayment

Legal reference: 441 IAC 170.9(6)"c"

Recoupment may be made from the parent, or the person who serves in the capacity of the parent, who received Child Care Assistance (CCA) at the time the overpayment occurred. When both parents were in the home when the overpayment occurred, both parents are equally responsible for repayment.

The recoupment system can collect from only one debtor at a time. Select the adult household member from whom collection is most likely. Adult household members are still liable even if they move to another household.

See [6-Appendix](#) for specific instructions on completing form 470-0464, *Overpayment Recovery Information Input*, when both clients are responsible for the overpayment.

A relative who received CCA benefits at the time of overpayment is responsible for refunding the overpayment. If the children move into the home of another relative, the new payee has no liability for the overpayment.

Who Is Responsible for Agency Error Repayment

Legal reference: 441 IAC 170.9(6)"d" and "e"

Recoupment for agency error overpayments may be made from the parents, or the person who serves in the capacity of the parent, who received assistance when the overpayment occurred because of a Department error: :

- ◆ In determining eligibility or the appropriate number of units, or
- ◆ In timely making changes when the Department has the information.

Recoupment for agency error overpayments may be made from the provider when the Department incorrectly pays the provider because of errors in typing or copying, computer input errors or mathematical errors.

DIA Overpayment Recovery Process

Legal reference: 441 IAC 170.9(5); 441 IAC 11.1 (217,421)

The Department of Inspections and Appeals (DIA) reviews the circumstances of each referral, and then decides whether recovery should be initiated immediately, or if a referral should be made to the county attorney for prosecution. For a complete guide to the overpayment recovery process, please refer to 6-G, [RECOVERY OF OVERPAYMENTS](#).

When DIA receives form 470-0464, *Overpayment Recovery Information Input*, it begins the recovery process by:

- ◆ Creating a record on the Overpayment Recovery (OVPY) system.
- ◆ Making a fraud referral, when indicated.
- ◆ Issuing a demand letter for repayment of the overpayment.

Records of the Overpayment Recovery Unit are confidential in accordance with 1-C, [CONFIDENTIALITY AND RECORDS](#).

Creating an Overpayment Record

Legal reference: 481 IAC 71.3(10A), 71.8(10A); 441 IAC 11.2(217,421)

The following briefly outlines the processes that the Department of Inspections and Appeals (DIA) follows when investigating an overpayment.

When the DIA Overpayment Recovery Unit receives form 470-0464, *Overpayment Recovery Information Input*, staff search the Overpayment Recovery (OVPY) system to see if the debtor already has a record on the system.

The Overpayment Recovery (OVPY) system is a computer system that assists DIA in recovering overpayments made to the Department's clients or providers. Overpayments that are recorded on the system and pursued for collection are defined by policy for each program area.

If no record is found, DIA unit staff use the information from form 470-0464 to create a new "debtor record." An identifier is used as a key to access the debtor record.

- ◆ For clients, the identifier is based on the state ID number whenever possible. When the client has no assigned state ID number, the identifier is the social security number. (A child's state ID number or social security number is never used, because a child cannot be a debtor.)
- ◆ For providers, the identifier is based on the provider's social security number or federal tax identification number.

After the "debtor" record is created, DIA creates a "claim record." The claim record contains information about a specific overpayment.

Making a Fraud Referral

Legal reference: 481 IAC 71.4(10A)

The Overpayment Recovery Unit reviews the record to determine whether a referral for suspected fraud should be made to the Economic Assistance Fraud Bureau. Multiple overpayments and Department requests for investigation may also be referred.

No further recovery action is taken until the DIA Economic Assistance Fraud Bureau completes the investigation.

A provider that is convicted of fraudulently receiving CCA funds may be subject to sanctions. See [Sanctions for Provider Fraud](#).

Issuing a Demand for Repayment

Legal reference: 481 IAC 71.5(10A)

The repayment process begins with a notice to the debtor that an overpayment has occurred. Within 30 days of receiving form 470-0464, the Department of Inspections and Appeals (DIA) sends demand letters to inform the debtor that an overpayment has occurred.

Depending on who received the overpayment, DIA sends either:

- ◆ Form 470-3627, *Demand Letter for Child Care Assistance Provider Error Overissuance*, to the provider, or
- ◆ Form 470-3807, *Demand Letter for Child Care Assistance Client Error Benefit Overissuance*, to the client, or
- ◆ Form 470-4530, *Notice of Child Care Assistance Overpayment*, to either the client or provider.

The client or provider has 20 days from the date of the demand letter to enter into a repayment agreement or to appeal the overpayment.

A demand letter is sent whether the case is active or closed.

DIA reviews the circumstances of each referral and decides whether recovery should be initiated immediately or a referral should be made to the county attorney for prosecution.

When Recovery Is Suspended or Waived

Legal reference: 441 IAC 170.9(7)

The Department of Inspections and Appeals (DIA) is responsible for suspensions and waivers of recovery efforts. Recovery is suspended on nonfraud overpayments when the amount of the overpayment is less than \$35. Recovery is waived on nonfraud overpayments that are less than \$35 and have been in suspension for three years.

Even though recovery may be suspended, refer all overpayments of less than \$35 on canceled cases to DIA.

Overpayment Refunds and Payments

Legal reference: 441 IAC 170.9(5)

A client or provider may wish to refund a Child Care Assistance (CCA) overpayment in part or in full before the end of the 30-day appeal period. The client or provider may come directly to the local office with the refund. When the client or provider makes a payment by check or money order, instruct the client to make the remittance payable to the "Iowa Department of Human Services."